

VZCZCXRO3079  
PP RUEHDT  
DE RUEHC #2474 3562356  
ZNR UUUUU ZZH  
P 221917Z DEC 06  
FM SECSTATE WASHDC  
TO AMEMBASSY DILI PRIORITY 3591

UNCLAS STATE 202474

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E.O. 12958: N/A

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SUBJECT: GRANTING OF GSP BENEFICIARY STATUS TO EAST TIMOR

¶1. This is an action request, please see paragraph 2.

¶2. While the exact release date remains uncertain, an upcoming Presidential proclamation will announce the USG's decision to grant East Timor least developed beneficiary developing country (LDBDC) status under the U.S. Generalized System of Preferences (GSP) program, which will provide significant opportunities for duty-free exports from East Timor to the U.S. This will be done in two phases: East Timor will become a beneficiary developing country immediately upon issuance of the Proclamation. Sixty five days later, East Timor will become a LDBDC. Post is requested to inform GOET officials of the decision and upcoming Presidential proclamation.

#### Background

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¶3. The U.S. GSP program provides duty free access to the U.S. market for approximately 3,400 products from 144 beneficiary countries and territories. In 1996, an additional 1,400 products were added to eligibility for GSP's least-developed beneficiary developing countries (LDBDCs). In August 2006, East Timorese Foreign Minister Guterres wrote a letter to USTR Schwab requesting that the USG designate East Timor an LDBDC for GSP purposes. A subsequent Administration review process considered this request, recommending to the President that East Timor be so designated.

¶4. Sections 501 and 502(a)(1) of the Trade Act of 1974 (19 U.S.C. 2461, 2462(a)(1)), as amended, authorize the President to designate countries as beneficiary developing countries for purposes of GSP. A Presidential proclamation designating East Timor as an LDBDC is expected to be released before December 31, 2006. East Timor would be eligible for regular GSP treatment (the 3,400 product list) 20 days after the date of the proclamation. East Timor's eligibility for further benefits as an LDBDC (the additional 1,400 products) would begin sixty five calendar days after the President's proclamation.

¶5. Full background on the GSP program can be found at <http://www.ustr.gov>. This link includes a list of eligible GSP products on both the regular and LDBDC list.

¶6. Follow up inquiries may be directed to Aaron Scheibe in EB's Office of Multilateral Trade Affairs. Mr. Scheibe may be reached via email at [ScheibeAP@state.gov](mailto:ScheibeAP@state.gov), or at (202) 647-8202.

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